

Opening Remarks
Honorable Douglas L. “Doug” Flory
FCA Public Meeting on Enhancing FCS Service to
Young, Beginning, and Small Farmers
Kansas City, Missouri
November 13, 2002

I’m pleased that there is so much participation and interest in our Public Meeting today. During my confirmation process, I felt compelled to review the mission of the Farm Credit System, as set forth by Congress, to satisfy myself again of what Congress intended. As a new FCA Board member, I also wanted to review the mission of the Farm Credit Administration.

The Farm Credit System’s broad public mission is very clear – to serve the credit needs of farmers, ranchers and their cooperatives, as well as certain other businesses serving rural America, that have a basis for credit. In addition to its broad mission, constructive and creditworthy lending to Young, Beginning and Small Farmers is also a very important special mission of the System. I then reviewed the mission of FCA, which is to promote a safe and sound, competitive Farm Credit System to finance agriculture and rural America as authorized by Congress.

There are several issues that are important to me as I begin my service as a new Member of the FCA Board, and one of them specifically relates to the subject of this meeting. I am very concerned about the generational transfer of farms and ranches. I have a very personal interest in this issue because as a seventh generation Augusta County Virginia farmer, I would like nothing more than to see our operation continue on with the eighth generation. I don’t think I’m unique in this case. My situation is similar to many other farm families who have concerns about the generational transfer of their farm businesses.

The FCA and the Farm Credit System can play an important role in addressing this issue. It’s important that there is the ability and the encouragement to “use every tool available” to facilitate the transfer of farms from one generation to the next. An aggressive Young, Beginning, and Small Farmer Program is one key way to help with the generational transfer issue.

Also, it’s very important that associations use all the tools available to help the YBS program work well. This involves making more use of loan guarantee programs – federal, state and local -- and looking for other credit enhancements when needed. This may require some extra time and effort, but it is important for the long-term success in keeping the next generation living, working, and raising families in rural America, as well as developing a future customer base.

While much is being done in YBS -- and I commend the System for its efforts in providing better outreach and service to YBS farmers and ranchers -- there is more that can be done.

FCA can do more too, and that’s why we are here today. The recent report by the General Accounting Office said we need to improve our oversight of the special mission by the System to serve YBS farmers and ranchers. In response to the GAO Report, we want to gather as much

input as possible on what we can do to improve the YBS program. At the same time, I recognize Congress did not charge FCA with setting specific standards or actually supervising the System's performance with YBS. Also, I don't want our regulatory efforts in this area to be overly burdensome or contrary to safety and soundness principles. But I do want to see the System successfully and effectively carry out its mission in serving young, beginning, and small farmers, and I look forward to all of the ideas and suggestions you have to provide us today.